



STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA  
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BETTY T. YEE  
First District, San Francisco

SEN. GEORGE RUNNER (RET.)  
Second District, Lancaster

MICHELLE STEEL  
Third District, Rolling Hills Estates

JEROME E. HORTON  
Fourth District, Los Angeles

JOHN CHIANG  
State Controller

KRISTINE CAZADD  
Interim Executive Director

STATE BOARD OF EQUALIZATION MEETING  
450 N Street, Room 121, Sacramento

PRELIMINARY RECORD OF BOARD ACTIONS

Tuesday, August 23, 2011

The following is a preliminary record of Board actions taken at the August 23, 2011 Sacramento Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Joann Richmond at 916-322-1931 or email: [Joann.Richmond@boe.ca.gov](mailto:Joann.Richmond@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

**Board Committee Meetings** Please see Page 9, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

**Board Meeting**

A. Homeowner and Renter Property Tax Assistance Hearings  
There are no items for this matter.

**B. Corporate Franchise and Personal Income Tax Hearings**

B1. Jeffrey T. Nolan and Vivienne Nolan, 552938

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' appeal denied.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**B2. David A. Lubeck and Mabel C. McNall-Lubeck, 557788**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' appeal denied.	Mr. Horton	Yes
The Board imposed a \$750 frivolous appeal penalty.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**C. Sales and Use Tax Appeals Hearings****C1. Maisa, Inc., 485794 (EH)**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final Board determination.	Mr. Horton	Yes
The Board ordered that the petition be submitted for decision, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**C2. Jason H. Walker and Stephen Wayne Sundes, 445416, 462500 (EH)**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' petition denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**C3. Gurmail Singh, 487083 (AR)**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final Board determination.	Mr. Horton	Yes
The Board ordered that the petition be submitted for decision, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## C4. Akbar Ferdousi Bayrami, 473205 (CH) – Appearance Waived

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
Approved Staff Recommendation.	Ms. Steel	Yes
	Mr. Runner	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**D. Special Taxes Appeals Hearing****Petition for Release of Seized Property**

## D1. Wahid Ahmad Taki, 547438 (ET)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

- E. Property Tax Appeals Hearings
- F. Public Hearings

**G. Tax Program Nonappearance Matters – Consent**

## G1. Legal Appeals Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
No final determination on sub-item 5.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## ➤ Hearing Notices Sent – No Response

1. Jon Michael Shidler and Marilyn K. Shidler, 507833 (UT)
2. Thinh Gia Tran, 440629 (GH)
3. Jose Luis Alejandro, 507582 (CH)

## ➤ Petitions for Release of Seized Property

4. Rasheed Iqbal, 570003 (ET)
5. ~~Mairaj Ali, 562696 (ET)~~
6. Jourbee Khang and True Yang Khang, 569414 (ET)

- 7. Abida Hotaki, 571547 (ET)
- 8. Young Bin Kim, 570577 (ET)
- Petition for Rehearing
- 9. Glen Eugene Pearson III and Stephen Terrance Pearson, 406221 (KH)

## G2. Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
No final determination on sub-items 13 and 22.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notice Sent – Appearance Waived
- 1. Richard A. Lopez, 509632
- Decisions
- 2. Michael Aidan, 522049
- 3. David A. Bancroft, 515130
- 4. Adalberto Barrios, 481398
- 5. Clifford Crane, 515544
- 6a. Eric B. Davis, 496009
- 6b. Mary E. Davis, 512638
- 7. DDJ Tri Union Blocker Corporation, 519165
- 8. Randall Drabman and Karen Crump, 534013
- 9. Steven Forrest, 490490
- 10. Monica Gutierrez, 528897
- 11. H&H Marine Center, Inc., 490565
- 12. Richard R. Hughes, 507337
- 13. ~~D'Andrea E. Jones, 522373~~
- 14. Yongbum Kim and Hyeonju Kim, 552843
- 15. Eli Kohn, 522445
- 16. Michele C. Kunz, 521070
- 17. Gary Lan and Hsiao Yun Chang, 530477
- 18. Gabrielle L. Langford, 495650
- 19. Angela Leonard, 519576
- 20. Richard A. Lopez, 538617
- 21. Philip McGovern and Clare McGovern, 536337
- 22. ~~Ray E. O'Bier, 522148~~
- 23. William W. Palmer, 515729
- 24. Ramesh Patel, 546912
- 25. Julie Porter, 508936
- 26. William J. Reckmeyer and Joan P. Reckmeyer, 518239
- 27. Sandee Russell, 510428
- 28. Daniel A. Ruvalcaba, 518487
- 29. Yasmin Sahami, 519148
- 30. Amber Vahoviak, 480103
- Petitions for Rehearing
- 31a. Michael Calderon, 523035
- 31b. Steven Ertelt, 527234
- 31c. Steven Olmos, 518961
- 31d. Demeris Parks, 524781
- 32. James H. Cornell and Martha E. Cornell, 506809
- 33. James Vaughn, 508867, 487205

- G3. Homeowner and Renter Property Tax Assistance Matters  
There are no items for this matter.

G4. Sales and Use Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

➤ Redeterminations

1. Tele Atlas North America, Inc., 534997 (OH)
2. Penn Emblem Company, 516316 (OH)
3. Dun & Bradstreet, Inc., 318342 (OH)

G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-item 3.

➤ Credits and Cancellations

1. Lion Group, LLC, 572832 (CH)
2. Tung Khanh Luong, 486375 (KH)

➤ Refunds

3. Universal City Studios, Inc., 573389 (AC)
4. LBS Financial Credit Union, 557987 (EA)
5. Full Throttle Films, Inc., 536522 (AC)
6. Fireside Bank, 560430 (CH)
7. Windowmaster Products, 569449 (FH)
8. College of Redwoods Foundation, 551279 (JH)
9. Subaru of America, Inc., 538742 (OH)
10. This Thing of Ours, LLC, 497364 (UT)
11. Mainline Information Systems, Inc., 381278 (OH)
12. Bridgewater Systems, Inc., 507319 (OH)
13. Edwards Lifesciences, LLC, 529357 (EA)
14. Zumiez, Inc., 520166 (OH)
15. Medsep Corporation, 486085 (AP)
16. Bearingpoint, Inc., 533833 (OH)
17. Newmark International, Inc., 557985 (EH)
18. Broadridge Investor Community Solutions, 504977 (OH)
19. Transouth Financial Corporation, 559987 (OH)
20. Starent Networks Corporation, 514988 (OH)

21. Cincinnati Machine, LLC, 553657 (OH)
22. Quality Financial, Inc., 496020 (AC)
23. Discus Dental, LLC, 554689 (AS)

There are no items for the following matters:

- G6. Special Taxes Matters
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds
- G8. Property Tax Matters
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

#### H. Tax Program Nonappearance Matters – Adjudicatory

- H1. Legal Appeals Matters
  - Cases Heard Not Decided

##### 1. Earth-N-Ware, Inc., 459938 (EA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

##### 2. Living Spaces Furniture, LLC, 425660 (AA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

##### 3. Los Angeles Country Club, 361952, 416903 (AS)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's claim and petition granted.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## H2. Franchise and Income Tax Matters

## ➤ Case Heard Not Decided

## 1. Aurelio Serrano and Haidee Serrano, 519860

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' appeal partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

## H3. Homeowner and Renter Property Tax Assistance Matters

## H4. Sales and Use Taxes Matters

## H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

## ➤ Refund

## 1. Citigroup, Inc. &amp; Subsidiaries &amp; Affiliates, 446954 (OH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's claim granted.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## H6. Special Taxes Matters

## ➤ Redetermination

## 1. Glass Mountain Pumice 2004, LLC, 534055 (MT)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

## H7. Special Taxes Matters – Credits, Cancellations, and Refunds

## H8. Property Tax Matters

## H9. Cigarette License Fee Matters

## H10. Legal Appeals Property Tax Matters

**I. Tax Program Nonappearance Matters**

- I1. Property Taxes Matters  
There are no items for this matter.

- I2. Offer in Compromise Recommendations

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

1. GZ, Inc.
2. Robyne L. Hinds
3. Danny McKernan
4. Stafford's Lighting Co., Inc.

- I3. Local Tax Reallocation Matters  
There are no items for this matter.

**Chief Counsel Matters****J. Rulemaking****Section 100 Changes**

- J1. Specified Special Tax and Fee Regulations

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

- K. Business Taxes  
L. Property Taxes  
M. Other Chief Counsel Matters



**Administrative Session****N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations at to Items N1 and N3.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes
<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation as to Item N2.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**N1. Retirement Resolutions**

- Gerald F. Helman
- Judy Holt
- Barbara Lee
- Nanette Rayon-Markin
- Santos D. Reyes

**N2. Summons to Annual Meeting of the Board and County Assessors****N3. Revenue and Taxation Code Section 6355 Coins and Bullion "Bulk" Sale Threshold****O. Adoption of Board Committee Reports and Approval of Committee Actions****O1. ~~Legislative Committee~~****O2. Business Taxes Committee**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein.  For details see: <a href="http://www.boe.ca.gov/meetings/btc2011.htm">http://www.boe.ca.gov/meetings/btc2011.htm</a>	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**P. Other Administrative Matters****P1. Executive Director's Report****1. CROS Project Update and Actions**

There are no items for the following matters:

**P2. Chief Counsel's Report****P3. Sales and Use Tax Deputy Director's Report****P4. Property and Special Taxes Deputy Director's Report****P5. Administration Deputy Director's Report****1. 2011/12 Budget Update and Governor's Executive Orders****a. Overview of the Budget Cycle****b. Information regarding the Governor's 2011/12 Budget and Governor's Executive Orders.****2. 2012/13 DRAFT Budget Change Proposals (BCP)****a. Headquarters Facility Consolidation**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**b. Permanent Establishment of Natural Gas Public Purpose Programs Surcharge**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**3. Concept Tax Gap 2 Plan and Placeholder BCP****(1) Use Tax Educational Outreach Campaign**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation with adjustments.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation on the Tax Gap Plan proposal with regard to the first portion of <i>use tax third party data</i> : identify high income earners most likely to have purchases subject to use tax.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes
The Board deferred consideration of the remaining portions of the Tax Gap Plan proposal with regard to <i>use tax third party data</i> (pilot use of purchased public consumer marketing data and pilot use of shipping records) to the September Board meeting.		

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation on the Tax Gap Plan proposal with regard to <i>use tax simplification</i> .	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## (2) Registered Taxpayers – Desk Audit Program

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## (3) Registered Taxpayers – Bankruptcy Expansion

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## (4) Registered Taxpayers – Penalty and Interest Reprieve

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## (5) Non-filers and Evaders – Reward Program

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board referred the matter to the Business Taxes Committee.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

P6. Technology Deputy Director's Report  
There are no items for this matter.

P7. External Affairs Deputy Director's Report  
1. Use Tax Survey/Statewide Poll

**Q. Closed Session**